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President
CIM Group, Inc.

Joel Fisher
Vice President
The Avalon

Jose Malagon
Secretary
Hollywood Media
Center

Jeff Rouze
Treasurer
Historic Hollywood
Hillview LLC

Chris Bonbright
Whitley Court
Partners

Lynda Bybee
MTA

William Hertz
Mann Theatres

John Korman
1723 Wilcox

Ron Radachy
Oasis
of Hollywood

Hilary Royce
Church of Scientology
International

Alan Sieroty
Sieroty Company

Thaddeus Smith
The Music Box at the
Henry Fonda

Frank Stephan
The Clarett Group

Tej Sundher
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John Tronson
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January 12, 2007

TO: Holly Wolcott
Office of the City Clerk

FROM: Kerry Morrison
Executive Director
Hollywood Entertainment District POA

SUBJECT: Fourth Quarter Report
October 1, 2006 - December 31, 2006

As is required in our Agreement with the City of Los Angeles, I am submitting our Fourth Quarter Report to summarize key activities of the Hollywood Entertainment District.

I. Operational Issues

- The Hollywood Entertainment District Property Owners Association formally changed its name to the Hollywood Property Owners Alliance at its board meeting on November 16, 2006. The purpose is to create a more generic name for the nonprofit organization, acknowledging the potential to compete for additional grants and contracts to serve Hollywood.
- The Board elected five directors to three-year terms at the November 16 annual meeting: Ron Radachy, Bill Hertz, Frank Stephan, Tej Sundher and John Tronson. At the November meeting, the following were elected to one-year terms as officers: Monica Yamada, president; Joel Fisher, vice president; Jose Malagon, secretary; and Jeff Rouze, Treasurer.
- Captain Clay Farrell was named to the HEDPOA Board as an honorary, non-voting member.
- A budget working group was formed in November to work on the detailed budget for 2007. The group consisted of Jeff Rouze, Frank Stephan and Tej Sundher. The budget was presented to the Board on December 21, 2006 and approved.

Kerry Morrison
Executive Director

- Approximately \$165,000 will be rolled into the new year (2007 budget) due to prudent expenditures and higher revenues than budgeted. The final figures will be available in the 2006 Annual Financial Report.

II Security

- The competitive bidding and vendor selection process for the HED security contract consumed most of this quarter. A pre-bid walk through of the District occurred on October 7 and 11 companies participated. Ten companies submitted proposals for the review of the ad-hoc selection committee by the October 19, 2006 deadline. Four companies were invited in to the HED office for interviews on November 6: Wackenut, Burke Executive Security, Andrews International and Thomas Dale Associates. The ad-hoc selection committee forwarded a recommendation to the HED Security Committee, who met on Thursday November 9, to recommend to the full board of directors the hiring of Andrews International for a two-year term. The HEDPOA Board of Directors voted at their November 16, 2006 meeting to authorize the Executive Director to initiate contract negotiations with Andrews International. A contract was presented first to the Security Committee on December 14, then to the full board on December 21. The Board approved a two-year contract with Andrews International (1/1/07 - 12/31/08) for \$1,246,000 in the first year.
- Working with the LAPD, the Mayor's office and the local Council office, the HED was successful in promoting public information about the silly string prohibition on Halloween. As a result, for the third year in a row, no silly string appeared on the Boulevard, and the streets remained open to vehicular traffic. There appeared to be more families and children enjoying the sidewalks as compared to past years.

III Streetscape Issues

- Staff is working with an attorney to compile a demand letter to present to CBS Outdoor to seek full compensation for the Canary Island Date Palm at the NW corner of Hollywood and Highland that has been fatally damaged through illegal tree trimming several years ago. Currently, an estimate as to how much it would cost to replace the tree is being secured.
- An information meeting was held at the HED office with property owners on the east side of Cahuenga, between Selma and Hollywood, to talk about a concept plan under development to improve alleyways in the Hollywood Entertainment District. The CRA has retained the services of Roschen Van Cleve Architects to develop a plan, and, they, in turn, have hired Sarah MacPherson, in her capacity as grad student, to work on a

portion of this project.

- Grant money received from the DWP for a special lighting project will be earmarked toward replacing the neon in the "Four Ladies statue" at Hollywood and LaBrea.
- The Streetscape Committee, with the board's concurrence, voted to approve policies which strengthen the enforcement and penalties associated with illegal tree trimming in the city of LA. A coalition of BIDs and other concerned organizations will now be formed to help push this through city hall.
- **IV Marketing Issues**
- The decision was made to cease the hiring of an outside marketing/public relations firm to coordinate the District's marketing activities and to re-program a portion of those funds to hiring full time staff in 2007. The current contract with Urban Legend PR will end on January 31, 2007.
- In conjunction with the Economics Research Associates economic benchmarking study, a baseline inventory of housing in the BID (rental and ownership) was conducted. This will become the measure against which future development will be gauged.
- Settlement negotiations commenced during this quarter with an attorney representing the artist who painted the Delores del Rio mural at the NE corner of Hudson and Hollywood Boulevard. A portion of this mural image was used in the Hollywood 90028 pole banner campaign and the BID was unaware that this was a protected image. A licensing fee of \$9,220 was agreed to in December, and it was also agreed that the HED would feature the artist's website and the mural on the www.hollywoodbid.org website, and would also highlight the mural on the next version of the visitor's guide.

V. OTHER

- A task force of the Board was formed to work with the board of the Central Hollywood Coalition on potential collaboration between the two associations relative to shared services between the two BIDs. The HED task force consists of Monica Yamada, John Tronson and Joel Fisher.
- Kerry Morrison attended the annual conference for the International Downtown Association in Portland October 7 - 9.

	Mgmt Plan - 2006	%	Budget 2006	%	Actual 2006 (proj.)	%
INCOME						
Gross Assessments	2,361,233		2,377,555		2,377,555	
Proj. Delinquencies	(90,000)	4%	(75,000)	3%	(26,087)	1%
Net Income	2,271,233		2,302,555		2,351,469	
City Interest Income					6,617	
Interest Income			10,000		25,050	
Total Revenue	2,271,233		2,312,555		2,383,136	
EXPENSES						
Security - Total	1,164,065	49%	1,112,000	47%	1,032,300	43%
Security contract			1,012,000		1,007,386	
Security Contingency			100,000		24,914	
Maintenance and Streetscape	640,866	27%	636,195	27%	642,639	27%
Maintenance contract			636,195		642,639	
Misc -- Streetscape						
Marketing and Consulting	118,718	5%	156,000	7%	159,914	7%
Marketing Activities			60,000		68,562	
Mktg - ERA Research			20,000		17,500	
Marketing-consulting			66,000		65,860	
Consulting			10,000		7,992	
Administration	94,554	4%	136,271	6%	141,063	6%
Accounting Fees			29,650		24,363	
Business Meals			3,240		3,036	
Dues/Subscript/Books			1,250		3,485	
Insurance			27,000		30,518	
Health Insurance			6,000		8,732	
Legal			4,800		5,929	
Office Expense			8,500		10,812	
Telephone			6,500		7,090	
Travel			3,500		278	
City fees			23,775		23,776	
Miscellaneous			3,000		3,849	
Office exp -furniture			3,000		2,620	
Office equipment			3,000		3,039	
Rent			13,056		13,536	
Bank Fees					-	
Personnel	237,435	10%	221,676	9%	230,636	10%
Staff Salaries			204,276		214,868	
Bonus					-	
Temp Salaries			3,000		1,452	
Payroll Taxes			14,400		14,316	
Contingency	15,637	1%	60,000	3%	9,220	0%
		100%		101%		94%
Total Expense	2,271,275		2,322,142		2,215,772	
Total Outflows	2,271,275		2,322,142		2,215,772	
Total Inflows	2,271,233		2,312,555		2,383,136	
Net Inflows/(Outflows)	(42)		(9,587)		167,364	